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ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

DATE: December 22, 2009

RE: IN THE MATTER OF THE JOINT APPLICATION OF CIMCO
COMMUNICATIONS, INC. AND COMCAST PHONE OF ARIZONA, LLC
FOR APPROVAL OF THE TRANSFER OF CUSTOMER BASE (DOCKET
NOS. T-03434A-09-0477 AND T-04293A-09-0477)

Attached is the Staff Report on the Joint Application of CIMCO Communications, Inc. and Comcast Phone of Arizona, LLC for approval of the transfer of customer base and cancellation of CIMCO's Certificate of Convenience & Necessity and associated tariffs. In addition, the Applicants requested expedited processing and Commission approval of the Application.

SMO:PJG:red

Originator: Pamela J. Genung

Attachment: Original and Thirteen Copies

Arizona Corporation Commission

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DOCKET NOS. T-03434A-09-0477 and T-04293A-09-0477

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

CIMCO COMMUNICATIONS, INC. AND COMCAST PHONE OF ARIZONA, LLC
DOCKET NOS. T-03434A-09-0477 AND T-04293A-09-0477

IN THE MATTER OF THE JOINT APPLICATION OF CIMCO
COMMUNICATIONS, INC. AND COMCAST PHONE OF ARIZONA, LLC FOR
APPROVAL OF THE TRANSFER OF CUSTOMER BASE

DECEMBER 22, 2009

STAFF ACKNOWLEDGEMENT

The Staff Report for CIMCO Communications, Inc. and Comcast Phone of Arizona, LLC, Docket Nos. T-03434A-09-0477 and T-04293A-09-0477, was the responsibility of the Staff member listed below. Pamela J. Genung was responsible for the review and analysis of CIMCO Communications, Inc. and Comcast Phone of Arizona, LLC Joint Application for expedited consideration and approval to transfer the customer base of CIMCO Communications, Inc. to Comcast Phone of Arizona, LLC and cancel CIMCO's Certificate of Convenience and Necessity and associated tariffs.

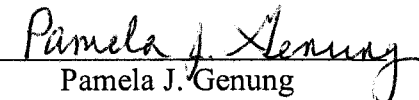

Pamela J. Genung
Public Utilities Analyst V

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
THE PARTIES.....	1
TRANSFER OF ASSETS	1
CANCELLATION OF CC&N	2
REQUEST FOR WAIVER OF SLAMMING AND CRAMMING RULES	3
STAFF'S ANALYSIS	3
STAFF'S RECOMMENDATIONS	4

ATTACHMENTS

CUSTOMER NOTICE – ENGLISH VERSION.....	Exhibit A
CUSTOMER NOTICE – SPANISH VERSION	Exhibit B

INTRODUCTION

On October 6, 2009, CIMCO Communications, Inc. ("CIMCO") and Comcast Phone of Arizona, LLC ("Comcast") (collectively "Applicants" or "Companies"), filed a Joint Application for Arizona Corporation Commission ("Commission") expedited consideration and approval for a transfer of customer base from CIMCO to Comcast. The Joint Application also requests approval for the cancellation of CIMCO's Certificate of Convenience and Necessity ("CC&N") and associated tariffs. The Applicants are also requesting a waiver of A.A.C. R14-2-1901-1913, which prohibits any unauthorized change to a customer's carrier selection.

On October 23, 2009, the Applicants filed a request to grant a waiver of A.A.C. R14-2-1107, which governs a telecommunications company's discontinuance of competitive local exchange or interexchange services in the state. In the alternative, if not in entirety, the Applicants request a grant for a waiver specifically of A.A.C. R14-2-1107(B), which pertains to the telecommunications company publishing a legal notice of the Application in all counties affected by the Application.

On November 4, 2009, the Applicants filed its Responses to Staff's First Set of Data Requests. On the same day, the Applicants filed a request to grant a waiver of A.A.C. R14-2-2001-2007, which prohibits unauthorized charges on a customer's bill.

THE PARTIES

CIMCO is an Illinois Corporation with its principal place of business in Oakbrook Terrace, Illinois. CIMCO is authorized to provide competitive interLATA/intraLATA resold telecommunications services, except local exchange services, in Arizona pursuant to Decision No. 61577 granted on March 15, 1999. CIMCO's customer base consists primarily of medium-sized business and enterprise customers. In Arizona, CIMCO has twelve business customers and no residential customers. CIMCO is authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate telecommunications services as a non-dominant carrier.

Comcast is a Delaware limited liability company with its principal place of business at One Comcast Center, Philadelphia, Pennsylvania. Comcast also has a local Arizona office located at 8251 North Cortaro Road, Tucson, Arizona. Comcast is authorized to provide competitive resold and facilities-based local exchange and long distance telecommunications services in Arizona pursuant to Decision No. 69408 granted on April 16, 2007.

TRANSFER OF ASSETS

The Applicants are requesting approval to transfer the customer base of CIMCO to Comcast. CIMCO and Comcast Phone of Arizona and certain of its affiliates entered into an Asset Purchase Agreement on September 16, 2009 to acquire the customer accounts, including related data, databases, contracts and customer records, of the CIMCO customers in Arizona.

CIMCO's Arizona customer base consists of twelve long distance business customers. CIMCO does not have any residential customers in Arizona. Aside from its customer base, CIMCO does not have any assets in Arizona. Comcast Phone affiliates in other states will acquire CIMCO's customer base and assets in those states. Subject to regulatory approval by state commissions and the FCC, the Applicants anticipate completing the transaction on or about year end 2009, or as soon as all approvals are received.

Upon completion of the migration of customers from CIMCO to Comcast, all of the affected customers will continue to receive service from Comcast under the same rates, terms and conditions as currently provided by CIMCO. Comcast intends to adopt the CIMCO tariffs currently on file with the Commission and will continue to serve customers under the terms set forth in those tariffs. The proposed migration of customers is expected to be seamless and service is expected to be uninterrupted. The proposed transaction will enable those customers to have access to expanded and more advanced service offerings going forward.

CANCELLATION OF CC&N

The Applicants are requesting cancellation of CIMCO's CC&N. CIMCO was granted authority to provide competitive interLATA/intraLATA resold telecommunications services, except local exchange services, in Arizona pursuant to Decision No. 61577 on March 15, 1999. In conjunction with the completion of the transfer of CIMCO's customers to Comcast, the CC&N currently held by CIMCO will be cancelled. The Applicants seek permission to discontinue long distance service for current CIMCO customers, transfer those customers to Comcast, and cancel CIMCO's CC&N.

On April 16, 2007, in Decision No. 69408, Comcast was granted authority to provide competitive resold and facilities-based local exchange and long distance telecommunications services in Arizona. Comcast has indicated that it will honor all service contract rates, terms and/or conditions of CIMCO customers. The CIMCO customers will not experience any change in their rates of service arrangements. Comcast does not anticipate that any of CIMCO's customers' contracts will require any modifications. However, if in the future Comcast determines that any service terms require modification, it will follow the applicable contract terms, laws and regulations in making such modifications, including adhering to any advance notice requirements.

While the Applicants had originally requested a waiver of publishing a legal notice in all counties affected by the Application, as specifically required in A.A.C. R14-2-1107(B), CIMCO and Comcast, in the alternative, published a legal notice of the Joint Application in The Arizona Republic. The legal notice appeared in the November 6, 2009 edition. A copy of the legal notice and the Affidavit of Publication was filed on November 13, 2009.

In its Responses to Staff's First Set of Data Requests, the Applicants indicated that CIMCO does not currently hold any customer deposits. Therefore, should the customers affected by this transaction decide to switch service providers, a plan to refund customer deposits

would not be necessary. CIMCO also does not have a performance bond or irrevocable sight Draft Letter of Credit on file with this Commission.

REQUEST FOR WAIVER OF SLAMMING AND CRAMMING RULES

In the Joint Application, the Applicants are requesting a waiver of A.A.C. R14-2-1904 and any other applicable anti-slamming regulations. On November 4, 2009, the Applicants filed a request for a waiver of A.A.C. R14-2-2001 through 2007, the Commission's anti-cramming rules, together with A.A.C. R14-2-1901 through 1913 prohibit any unauthorized change to a customer's carrier selection and prohibit unauthorized charges on a customer's bill.

At least thirty (30) days prior to the anticipated closing date and transfer of customers, CIMCO and Comcast will provide notice to the CIMCO customers describing the transfer of CIMCO's customer base to Comcast and assuring customers that they will continue to receive the same telecommunications services they are currently receiving in accordance with the rates, terms, and conditions of their existing contracts or effective tariffs. The customer notice will also advise those customers that they have the option of selecting a new service provider if they do not wish to become a customer of Comcast.

On November 4, 2009, the Applicants provided Staff copies of the customer notice, in both English and in Spanish, in an attachment to CIMCO's and Comcast's Responses to Staff's First Set of Data Requests. The customer notice is attached as Exhibit A and Exhibit B. Staff has reviewed the customer notification letter that CIMCO and Comcast will be providing to the CIMCO customers. Because the notice informs customers that the rates, terms and conditions of service will not change as a result of this proposed transfer and informs customers that they may subscribe to the telecommunications service provider of their choice, Staff believes the Commission's slamming and cramming rules should be waived in this matter.

STAFF'S ANALYSIS

In the Joint Application, the Applicants are requesting approval from the Commission for a transfer of CIMCO's customer base to Comcast. Aside from its customer base, CIMCO has no other assets in Arizona. Comcast is authorized to provide competitive resold and facilities-based local exchange and long distance telecommunications services in Arizona. The CIMCO customers have been notified of the proposed transfer of customers and discontinuation of services by CIMCO. CIMCO's customers have the option of switching to an alternate provider at any time.

The Applicants have requested cancellation of CIMCO's CC&N. The customers of CIMCO will be transferred to Comcast. Since CIMCO will no longer be providing telecommunications services in the State of Arizona, the CC&N of CIMCO will no longer be necessary.

The Applicants have indicated that as of November 4, 2009, CIMCO has no employees in Arizona. While Comcast's affiliates have Arizona-based employees whose work effort contributes to the services provided by Comcast Phone of Arizona, LLC, no specific employees are allocated to Comcast Phone of Arizona, LLC. As a result of this consolidation, Comcast does not foresee any Arizona workforce layoffs nor does it foresee any related Arizona plant facility closings.

Comcast and CIMCO have been found to be in good standing by the Corporations Section of the Arizona Corporation Commission. Consumer Services reports zero complaints for Comcast and CIMCO from January 1, 2006 through October 20, 2009. Comcast and CIMCO are current on filing their 2008 Annual Reports with this Commission. The Compliance Division reports no delinquencies for either of the Companies.

STAFF'S RECOMMENDATIONS

Staff recommends approval of the transfer of customer base of CIMCO to Comcast. Staff also recommends cancellation of CIMCO's CC&N to provide telecommunications services in the State of Arizona. Staff further recommends expedited consideration and approval of this transaction without a hearing pursuant to A.A.C. R14-2-1107(C).

Current CIMCO customers will have 90 days following the date of the Commission's Decision in this matter to transfer to another carrier. Staff further recommends approval of the Applicants' request for a waiver in this matter of A.A.C. R14-2-1901 through 1913 and A.A.C. R14-2-2001 through 2007 of the Commission's Slamming and Cramming Rules.

Staff further recommends that Comcast be ordered to comply with the following:

- a. Docket notice to the Commission within 30 days following approval by the FCC of the transfer of CIMCO assets and authorizations to Comcast.
- b. Docket written confirmation that CIMCO has transferred its customer base to Comcast and that CIMCO's CC&N has been cancelled by the Commission. By providing Staff with documentation that the transfer of the customer base has been completed, CIMCO will no longer be responsible for the requirements of Decision No. 61577.
- c. Revise and Docket Comcast conforming tariffs, within 60 days of the effective date of a Decision in this matter, to incorporate the rates, terms and conditions of service that were included in the CIMCO tariffs.
- d. Docket an affidavit confirming that the CIMCO customers in Arizona received notification that they were allowed to elect, within 90 days of receiving the notice, to continue or discontinue service with Comcast, without prejudice or regard to contractual obligation.



[[DATE]]

Thank you for being a loyal customer of CIMCO Communications, Inc. ("CIMCO"). As you may know, CIMCO recently entered into a contract to sell its communications business to Comcast Digital Phone, the Comcast telephone affiliate in Arizona ("Comcast").¹

We are pleased to inform you that Comcast will be your new service provider, on or after [[DATE]], subject to certain regulatory approvals. You can expect to continue to receive cutting-edge technology and superior customer service after the transfer. Comcast is one of the nation's largest providers of voice, data and entertainment services.

Your transition from CIMCO to Comcast requires no action on your part.

The transfer of your services to Comcast will be seamless to you and there will be no change in the services you receive or your current telephone number(s). We believe that this transition will be good for your company. With Comcast's unique capabilities, we can now bring you powerful new communications products.

As your new service provider, Comcast will continue to provide you with the same services you currently receive in accordance with the rates, terms and conditions of your existing contract or effective tariffs on file with the Federal Communications Commission or your state's public utility commission. If in the future Comcast determines that rates, terms or conditions require modification, it will follow the applicable contract terms, laws and regulations in making such modifications, including adherence to any advance notice requirements. CIMCO will be responsible for resolving any questions or complaints regarding CIMCO's service prior to or during the transfer of your services to Comcast. CIMCO's toll free customer service number is 1-877-691-8080, which you may continue to use after the transfer. After the transfer, Comcast will continue to provide the same high quality customer service you have experienced as a CIMCO customer.

Comcast is dedicated to earning and keeping your business. We do not anticipate that this transition to Comcast will cause you to incur any carrier change charges, but if you do, Comcast will pay them. Additionally, you have the right to select another service provider, subject to any termination charges agreed to in your current contract. If you do want to select another provider, you should contact that provider directly. Assuming you do not transfer your service to a different provider prior to the transfer date, Comcast will become your service provider on or after [[DATE]]. If you have a preferred carrier freeze on your account, it will be lifted. You will need to contact your local service provider to arrange a new freeze.

These changes will be voted on at a future Open Meeting of the Arizona Corporation Commission (Commission) and will become effective only upon approval by the Commission. If

¹ If you have service locations in multiple states, you may receive additional letters that include language specific to each particular state's customer notice requirements.

you have any questions, please contact a customer service representative at 1-877-691-8080. If you have further questions, you may contact the Consumer Services Section of the Commission at 602-542-4251 or 1-800-222-7000 or you may go to its website at: www.azcc.gov.

Comcast looks forward to meeting your communications needs, including bundled packages of voice, internet and video services. We will continue to work hard for you by consistently looking for opportunities to fulfill your ever-changing business needs.

Sincerely,

CIMCO Communications, Inc.
Comcast Digital Phone



[[FECHA]]

Gracias por ser un cliente leal de CIMCO Communications, Inc. ("CIMCO"). Como posiblemente sabrá, CIMCO recientemente celebró un contrato para vender su negocio de comunicaciones a Comcast Digital Phone, la afiliada de telefonía de Comcast en Arizona ("Comcast").¹

Tenemos el placer de informarle que Comcast será su nuevo proveedor de servicios, en o a partir de [[FECHA]], sujeto a ciertas aprobaciones regulatorias. Usted puede anticipar que, después de la transferencia, seguirá recibiendo tecnología de punta y un servicio al cliente de la más alta calidad. Comcast es uno de los mayores proveedores de servicios de voz, información y entretenimiento en el país.

Su transición de CIMCO a Comcast no requiere acción alguna de su parte.

La transferencia de sus servicios a Comcast será perfecta y no habrá cambio en los servicios que recibe o en su(s) número(s) de teléfono actual(es). Creemos que esta transición será benéfica para su compañía. Con la capacidad única de Comcast, ahora podemos traer a usted nuevos y poderosos productos de comunicación.

Como su nuevo proveedor de servicios, Comcast continuará prestándole los mismos servicios que actualmente recibe de acuerdo con las tarifas, términos y condiciones de su contrato vigente o las tarifas registradas en la Comisión Federal de Comunicaciones o en la comisión de servicios públicos de su estado. Si en el futuro Comcast determina que las tarifas, términos o condiciones deben ser modificadas, lo hará conforme a los términos contractuales, leyes y reglamentos aplicables para la realización de tales modificaciones, incluyendo el apego a cualquier requisito de notificación previa. CIMCO será responsable de resolver cualquier duda o queja relacionada con los servicios de CIMCO previos a o durante la transferencia de sus servicios a Comcast. El número de teléfono gratuito de atención al cliente es 1-877-691-8080, el cual podrá continuar

¹ Si usted cuenta con establecimientos de servicio en múltiples estados, usted podrá recibir notificaciones adicionales redactadas conforme a los requerimientos de notificación al consumidor de cada estado en particular.

utilizando después de la transferencia. Después de la transferencia, Comcast continuará proveyendo el mismo servicio al cliente de alta calidad que ha recibido como cliente de CIMCO.

Comcast está dedicada a ganarse y conservar su negocio. Nosotros no anticipamos que esta transición a Comcast le generará cargos por cambio de proveedor, pero en caso de que se generen, Comcast los pagará. Adicionalmente, usted tiene el derecho a seleccionar a otro proveedor de servicios, sujeto a cualquier cargo por terminación acordado en su contrato actual. Si usted desea seleccionar a otro proveedor, usted deberá contactar a ese proveedor directamente. Asumiendo que usted no transfiere su servicio a otro proveedor antes de la fecha de transferencia, Comcast se convertirá en su nuevo proveedor en o a partir del [[FECHA]]. Si usted tiene una cuenta de proveedor congelada, el congelamiento será levantado. Usted deberá contactar a su nuevo proveedor para implementar un nuevo congelamiento.

Estos cambios serán sujetos a votación en una Reunión Abierta de la *Arizona Corporation Commission* (Comisión) y serán efectivos sólo previa aprobación de la Comisión. Si tiene cualquier pregunta, favor de comunicarse con un representante de atención al cliente al 1-877-691-8080. Si tiene más preguntas, usted puede contactar a la Sección de Servicios para el Consumidor de la Comisión al 602-542-4251 o al 1-800-222-7000, o puede ir a su sitio web: www.azcc.gov.

Comcast espera satisfacer sus necesidades de comunicación, incluyendo agrupación de paquetes de servicios de voz, Internet y video. Seguiremos trabajando fuerte para usted, buscando consistentemente oportunidades para satisfacer sus siempre cambiantes necesidades de negocio.

Atentamente,

CIMCO Communications, Inc.
Comcast Digital Phone